

Comments to the House Insurance Committee regarding HB 4792, proposed adoption of the workers compensation fee schedule for use by no-fault PIP reimbursement

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Good morning,

My name is Bill Buccalo. I am the president of Rainbow Rehabilitation Centers. Rainbow is a 500 employee provider of therapeutic rehabilitation services and residential care for people with brain injuries. In addition, I am also an active member of the Michigan Brain Injury Providers Council. Our goals include assisting patients in the recovery process and reintegration back into the community following life changing events. Many of our patients have sustained catastrophic injuries including those resulting from automobile accidents. This type of work is both intensive and comprehensive in nature. I have been working at Rainbow for over 17 years and I have experience in billing and collecting for services under Michigan's no-fault system and the business models of brain injury (neurological rehabilitation) programs.

During the 1990's, I also had the opportunity to simultaneously serve as the president of an outpatient orthopedic physical therapy clinic. The orthopedic physical therapy clinic provided services to the more traditional non-brain injured patient including sports injuries and work related injuries. As a result, I have experience in billing and collecting for services under Michigan's workers compensation system and the business model of an orthopedic clinic.

I am opposed to HB 4792 for a variety of reasons. There are material differences between the provision of care and care needs for patients with brain injuries as compared to the provision of care and care needs for the typical workers compensation patient. As a result, the workers compensation fee schedule is not relevant for the no-fault system.

The market for therapists differs from neurological care to workers compensation care.

Attracting professional therapists to work in the brain injury field can be very difficult. This patient population can be very difficult to work with and very challenging. As a result, the market dynamics can be different from a more traditional orthopedic clinic. Thus applying a work comp fee schedule, which deals more with able bodied and cognitively intact patient, does not make sense and does not match the cost market.

Therapist productivity can differ from neurological care to workers comp care.

In an orthopedic clinic (a more common setting for the care of work related injuries), patients are scheduled every 15, 20, or 30 minutes to meet with the therapist for individual treatment. The therapist will move the patient through a series of treatments and exercises over the course of an hour or more. The patient, while under the general supervision of the therapist, will work somewhat independently to carry out the exercises while the therapist rotates to other patients. As a result, over the course of time, the therapist is essentially treating 2, 3, 4, or even more patients at the same time. The result is high productivity and charges for the therapist as they charge several patients at a time.

In a brain injury or neurological setting, many of the patients are unable to work independently due to cognitive limitations and physical limitations. Patients require supervision from the therapist throughout the session and require the full attention of the therapist during the individual hour session. As a result, the productivity of the typical therapist in a neurological setting is less on average than in the orthopedic setting. As a result, a higher hourly reimbursement rate per patient is required to deliver the necessary care for these intensive patients.

The no-fault system already has a workable method of determining ‘reasonable’ costs of care. There is no need to legislate an artificial fee schedule.

The no-fault law essentially requires insurance companies to pay what is ‘reasonable’. Simple yet fair – don’t pay too much and don’t pay too little. The consumer has purchased a policy to cover medical needs in the event of an accident and they don’t want discount care – just what is reasonable.

Over the course of time, insurance companies have settled on ‘reasonable’ based in part on the competitive market rates they are charged. Most insurance companies have a formula to compute what they believe is ‘reasonable’ and then compare the actual charges they are billed for a particular patient versus their chart of ‘reasonable’ rates.

Providers of care work in a competitive market. As a result, free market competition has forced ‘reasonableness’ into our rates. Insurance companies question and challenge charges, review and reduce charges for reasonableness versus their charts, encourage their vendor case managers to search for quality and reasonably priced providers, etc. Providers want to be attractive to patients, insurance companies, the case managers who help guide patients to providers, and to patients. As a result, a quality program along with competitive pricing is what the provider community strives for. All of these activities force competition and reasonable pricing.

By applying the workers compensation fee schedule to no-fault PIP coverage, insurance companies will not be paying reasonable rates. They will simply be paying off a different and arguably unrelated chart. This fee schedule does not match the market and cost of providing the care.

Adopting the workers compensation fee schedule for no-fault would potentially reduce or delay patient recovery and ultimately increase the cost of care and no-fault insurance.

Currently, the economics of neurological care are dictated by competition under a system of reasonable rates. If the work comp fee schedule were adopted, neurological rehabilitation providers would not be able to afford to provide certain needed therapies as the reimbursement rates would be inadequate to cover the costs. For example, speech therapy – code 92507 (treatment of speech, language, voice) could deal with cognitive therapy, swallowing disorders, etc. This service, provided by a speech and language pathologist, is an integral part of many clients' treatment plans. The reimbursement rate for this needed therapy under the workers compensation fee schedule is based on an event rather than duration. As a result, the reimbursement is approximately half of what is reasonable.

If the workers comp rate were to become the standard, possible results would be that providers could not afford to provide the therapy; providers would not be able to pay the therapists adequately to compete with alternative work locations, thus the industry would lose valuable employees and experts.

It is important to provide patients with prescribed care in a timely fashion. If the marketplace cannot afford to attract therapists, patient care will suffer and slow resulting in longer periods of care and supervision in institutional settings. Longer periods of care and supervision result in higher costs of care. This says nothing of the social costs of delayed recovery.

In summary, I believe there are many business reasons why HB 4792 should not be adopted. It is simply not applicable to this intensive and different sub-market.

Thank you for your time.